

September 27, 2008

I know that the news out of Washington, DC has not been the most comforting you could hear, so I want to begin by offering you some reassurance. The money in your bank accounts is safe. The Federal Deposit Insurance Corporation insures \$100,000 per person at banks and the National Credit Union Administration does the same for credit unions. The failed investment banks like Bear Stearns and Lehman Brothers are very different from the banks where hard-working San Antonians keep your savings. I spoke with a number of San Antonio's leading commercial bank and credit union presidents on Friday and they have assured me that they remain sound and that your money is safe.

We must remember, however, that San Antonio's economy is not an island. Problems in the broader markets could affect people in the 20th District even if you've never bought a single share of stock. The first thing you might notice is changes in your credit card limits. If the bank who issued your card cannot borrow money, it cannot afford to lend it to you, and you may find that your \$1,000 limit has suddenly shrunk to \$250. When the markets are working, banks can afford to lend out mortgages. If credit dries up, they may start calling in those loans and we could see still further increases in foreclosures. Student loans could shrink in size while their interest rates went up. Worst of all, people who have studiously put retirement savings into their retirement plans for forty years have seen half of those savings disappear in the last weeks. The collapse of the sub-prime market caused the value of homes to fall across the board, thrusting people who had put down big down payments and met every mortgage payment on time into debt for the first time in their lives. The innocent will suffer if we cannot resolve this problem.

Secretary Paulson's first reaction was to ask Congress to bail out Wall Street. We were told to cut him a check for \$700 billion, no questions asked, or else. Well, we said no. Republicans and Democrats alike told the President that we would not be stampeded and we would not act out of panic. What we are trying to create now is a plan that protects all of your money, the taxes you have paid and the savings you have made. By purchasing stock in these struggling companies, instead of giving them a gift, we can invest in the future and secure for you part of the profits that your tax dollars make possible. In other cases, we can simply lend the money out at interest. When President Clinton did that back in the 1990s, we actually made hundreds of millions of dollars on the loan on top of the economic growth that the loan made possible.

At this point, no one can say with absolute certainty just how bad the situation is nor what specific steps are necessary to rejuvenate our economy and protect our citizens. That's why the plan that Barney Frank, Chairman of the House Financial Services Committee, has begun to outline will take things in stages, with constant oversight and regular analysis to determine what is working and what isn't. There is always a strong case for doing nothing, especially for doing nothing yourself, because you might make a mistake. But doing nothing is itself a choice, and it is not the choice that responsible people would make in a situation like this one. I will not sit idly by and hope that we can weather this storm or that the troubles of Wall Street will stay out of San Antonio. We must act. We must do so deliberately, with forethought and checks against any misstep, but inaction is not an option. I cannot promise success, but I promise you now that I will give you my best because you deserve nothing less.